

Message Text

CONFIDENTIAL

PAGE 01 BUENOS 05715 261732Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SS-15 SP-02 EB-07 INR-07 SSO-00

INRE-00 L-03 /045 W

----- 083248

O 261610Z AUG 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 2414

C O N F I D E N T I A L BUENOS AIRES 5715

STADIS//////////

DEPARTMENT PLEASE PASS NASSAU FOR ASST. SECY. ROGERS

E.O. 11652: GDS

TAGS: BEXP, EFIN, AR

SUBJECT: EXIM BANK POLICY TOWARDS ARGENTINA

REFERENCE: STATE 200956

1. WHILE EMBASSY BELIEVES EXIM'S DESIRE TO HOLD DOWN ITS EXPOSURE IN ARGENTINA DURING THESE UNSETTLED TIMES IS PRUDENT AND LOGICAL, WE BELIEVE IT IS IMPERATIVE THAT THIS ADJUSTMENT BE ACCOMPLISHED WITHOUT ADVERSELY AFFECTING US-ARGENTINE BILATERAL RELATIONS, AND WITHOUT DAMAGING PROSPECTS FOR POLITICAL STABILITY AND ECONOMIC RECOVERY BY ARGENTINA.

2. WE BELIEVE A DECISION TO SUSPEND ALL CREDIT AND GUARANTEE OPERATIONS IN ARGENTINA AT THIS TIME IS CONTRARY TO US INTERESTS AS WELL AS UNJUSTIFIED. GOA HAS NOT DEFAULTED ON AN EXIM LOAN REPAYMENT YET. UNTIL IT DOES, THE ACTION BEING CONSIDERED BY THE BANK, I.E., TOTAL CESSATION OF OPERATIONS, WOULD APPEAR TO BE AN OVERRREACTION OF AN ALMOST PUNITIVE NATURE SERVING NO USEFUL PURPOSE. SUCH A COURSE OF ACTION HAS THE POTENTIAL FOR ADVERSELY AFFECTING ARGENTINA'S INTERNATIONAL CREDIT STANDING AND THEREBY HER ABILITY TO NEGOTIATE A DOMESTICALLY ACCEPTABLE SOLUTION TO HER FINANCIAL IMPASSE. CONSEQUENTLY, IT WILL BE INTERPRETED AS A DELIBERATE SIGNALING BY THE USG

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUENOS 05715 261732Z

OF ITS LACK OF CONFIDENCE IN GOA.

3. IF DONE PRIOR TO OR DURING MINECON CAFIERO'S FORTHCOMING VISIT TO WASHINGTON, IT WOULD BE PARTICULARLY EMBARRASSING TO HIM AND GOA, AND REDUCE WHAT POOR LEVERAGE HE NOW HAS IN NEGOTIATING A RESCHEDULING OF CERTAIN OF ARGENTINA'S NEAR-TERM DEBT MATURITIES, A TASK EMBASSY BELIEVES HE WILL INITIATE DURING THIS VISIT. THE GOA COULD NOT BUT INTERPRET SUCH AN ACTION AS DELIBERATE AND HOSTILE. IN A SPEECH TO THE NATION LAST EVENING, THE NEW MINISTER OF ECONOMY ANNOUNCED HIS INTENTION TO VISIT US DURING FUND/BANK MEETINGS AND TOUR A NUMBER OF COUNTRIES IN SEARCH OF FUNDS FOR ARGENTINA. HE SAID HE WOULD "GO WHERE THE MONEY IS." UNDER THESE CIRCUMSTANCES, AND IN VIEW OF REPERCUSSIONS OUTSIDE US OF EXIM ACTION, US COULD BE BLAMED FOR CLOSING OTHER DOORS TO GOA. CONCEIVABLY, EXIM'S ACTION COULD EVEN AFFECT WILLINGNESS OF US COMMERCIAL BANKS TO CONTINUE SWAP OPERATIONS WHICH ARE PRESENTLY THE MAINSTAY OF ARGENTINA'S EXTERNAL ACCOUNTS.

4. ON THE COMMERCIAL SIDE, A REFUSAL BY THE BANK TO MOVE FORWARD WITH CONTRACT NEGOTIATIONS ON CREDITS ALREADY SUBMITTED WOULD MEAN THE IMMEDIATE LOSS OF A NUMBER OF IMPORTANT SALES (OVER US\$100 MILLION) WHICH HAVE BEEN AWARDED TO US COMPANIES, AND, IN THE LONGER TERM, OF SOME CUSTOMERS FOR US INDUSTRY.

5. ACTION REQUESTED. EMBASSY RECOMMENDS DEPARTMENT:
A) MAKE OUR VIEWS KNOWN TO THE BANK PRIOR TO THE TAKING OF THE DECISION REFERRED TO IN PARA 2 REFTTEL; B) URGE EXIM TO CONTINUE TO PROCESS LOANS AND GUARANTEES FOR WHICH PRELIMINARY COMMITMENTS ARE EXTANT (OUR FALL-BACK POSITION WOULD BE THAT, AT A MINIMUM, THEY CONTINUE TO NEGOTIATE AND CONSUMMATE CONTRACTS IN INSTANCES IN WHICH AWARDS HAVE BEEN MADE TO US FIRMS); OR C) SHOULD ABOVE RECOMMENDATIONS NOT BE ACCEPTED, URGE THAT UNDER NO, RPT NO, CIRCUMSTANCES SHOULD DECISION TO CEASE OPERATIONS BE MADE OPERATIVE OR PUBLIC BEFORE OR DURING CAFIERO'S VISIT TO US.
HILL

NOTE BY OC/T: NOT PASSED NASSAU.
CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, DEVELOPMENT BANKS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 AUG 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUENOS05715
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750295-0363
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750815/aaaaammb.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: 75 STATE 200956
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2003 by ElyME>; APPROVED <26 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIM BANK POLICY TOWARDS ARGENTINA
TAGS: BEXP, EFIN, PFOR, AR, US, XMB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006